MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BAC2654 – PUBLIC SECTOR ACCOUNTING

(All sections / Groups)

4 MARCH 2020
2.30 p.m - 5.30 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper contains **FOUR** questions in **THREE** printed pages excluding the cover page.

2. Answer ALL questions in the Answer Booklet provided.

QUESTION 1

KUALA LUMPUR: A high level of accountability, freedom and access to information "is still very much lacking" in Malaysia compared with countries such as Australia, which has a more developed corporate governance regime, said former finance ministry secretary-general and Economic Planning Unit Director-general Tan Sri Mohd Sheriff Mohd Kassim.

Source: The Edge Financial Daily, 4 May 2017

REQUIRED:

(a) Determine how the concept of separation of power able to improve the level of accountability in Malaysian public sector?

(9 marks)

(b) Ascertain **FOUR** benefits of government accounting systems and procedures.

(8 marks)

(c) Illustrate the chain of accountability in Malaysian public sector.

(8 marks)

[TOTAL 25 MARKS]

QUESTION 2

One aspect of delivering accountability is through the measurement of operating results and outcomes of government policies and decision. Thus, it is crucial for Malaysia to introduce performance-and outcome-based government management and administration system.

REQUIRED:

(a) Determine purposes of performance measurement public sector organizations.

(9 marks)

(b) National Revenues can be divided into federal revenues, state revenues and local government revenues. Identify **FOUR** types of Federal Revenues.

(8 marks)

(c) Ascertain **FOUR** benefits of Expenditure Target under Modified Budgeting System.

(8 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 3

The federal and state governments (and their related agencies, bodies and local authorities) have long used modified cash accounting, where financial transactions are accounted for and recorded when there is an inflow or outflow of cash in the reporting period. Under the modified cash accounting basis, assets are not capitalised and liabilities are not reported in the financial statements. However, this will soon be a thing of the past in Malaysia as both the federal and state governments are currently transitioning (in phases) to accrual accounting under the Malaysia Public Sector Accounting Standard (MPSAS) framework.

The implementation of accrual accounting is in tandem with the government's Public Sector Transformation Policy under the New Economic Model and the implementation of outcome-based budgeting (OBB) by the government. It is envisaged that the adoption of accrual accounting in the public sector (together with OBB) will have a significant effect on good fiscal management and improve the effectiveness of financial management and accounting of federal and state governments.

Source: ACCA, April 2018

REQUIRED:

(a) Differentiate between Cash basis and Accrual basis.

(8 marks)

(b) Ascertain **TWO** advantages and **TWO** disadvantages of accrual accounting in public sector.

(8 marks)

(c) Identify **THREE** challenges in implementing accrual accounting at public sector.

(9 marks)

[TOTAL 25 MARKS]

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QUESTION 4

KUALA LUMPUR: The Auditor-General's Report (LKAN) 2017 Series 2 tabled in Parliament today contained 298 recommendations aimed at improving weaknesses in the public sector.

Auditor-General Tan Sri Dr Madinah Mohamad said 83 of the recommendations were related to activities carried out by federal ministries, departments and statutory bodies; 42 were related to management of federal government companies and agencies and 173 were related to management activities by ministries, departments, agencies and management of state government companies.

She said 16 performance audits and eight government company management audits were carried out at the federal government level.

According to Madinah, the performance audits were conducted in accordance with international auditing standards namely the International Standard of Supreme Audit Institutions (ISSAI) 3000, 3100 and 3200.

She said beginning with the 2017 Series 2 report, the National Audit Department had improved the performance audit approach by emphasising on output and outcome evaluation, as well as the effectiveness of service delivery and the level of satisfaction of target groups on the government programmes or projects.

Source: Bernama, 3 December 2018

REQUIRED:

(a) Differentiate Financial audit, Compliance audit and Performance audit.

(9 marks)

(b) Determine **THREE** criteria of performance audit.

(6 marks)

(c) Analyse **FOUR** benefit that government may have by conducting performance audit.

(10 marks)

[TOTAL 25 MARKS]

END OF PAPER